

FISCAL NOTE

Bill #: HB0727

Title: Close Eastmont Human Services Center

Primary Sponsor: Clark, E.

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
Expenditures:		
General Fund	(\$832,895)	(\$3,088,814)
State Special Revenue	(\$584)	(\$584)
Federal Special Revenue	\$516,233	\$709,814
Revenue:		
General Fund	(\$1,054,171)	(\$909,844)
State Special Revenue	(\$584)	(\$584)
Federal Special Revenue	\$513,266	\$709,814
Net Impact on General Fund Balance:	(\$261,276)	\$2,178,970

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|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

1. HB-727 closes the Eastmont Human Services Center (EHSC) in Glendive and transfers facility ownership to the Department of Corrections.
2. EHSC is expected to have 29 residents on July 1, 2003. Twenty-three of these residents will be transferred to the Montana Developmental Center (MDC) in Boulder, and six residents will move to community services. An additional four individuals would be placed from MDC into existing group homes in various communities.
3. Six individuals referred by EHSC for community services would be placed into a new group home built in Glendive by November 2003. There is a one-time cost associated with building a new group home of \$100,000.
4. The movement of residents will be completed by November 2003, and EHSC will close on December 31, 2003.
5. The budget for EHSC in FY 2004 would be \$2,107,871, all general fund. This includes \$40,000 for maintenance of the facility from January 1 through June 30, 2004. In FY 2005 the budget would be

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\$100,000, all general fund, for maintenance. Building and grounds maintenance would be accomplished through contracted services.

6. The estimated cost to provide services for the 23 individuals transferred from EHSC to MDC is \$462,895 for FY 2004 and \$645,189 in FY 2005. These costs are general funded.
7. The cost to place ten individuals into the community is estimated at \$90,000 per person per year. An additional \$80,000 per year is included for movement of four individuals from community group homes into supported living to make room in these group homes for the individuals moving from MDC.
8. Community services and supported living expenditures are funded at the Federal Medical Assistance Percentage (FMAP) of 27.12% general fund and 72.88% federal funds in FY 2004, and 27.57% general fund and 72.43% federal funds in FY 2005.
9. The total cost of community services for FY 2004 is estimated to be \$708,333, of which \$192,100 would be general fund and \$516,233 federal funds. In FY 2005 the amount would be \$980,000, of which \$270,186 would be general fund and \$709,814 federal funds. FY 2004 expenditures do not represent a full year as clients are phased into community services.
10. In FY 2004, the costs include a reduction-in-force package under the Employee Protection Act, which includes six months of health insurance and an option to take early retirement. Also included in FY 2004 are the termination payout for sick leave and vacation, relocation expenses for employees transferring to MDC, re-training funds, and an incentive package to encourage employees to continue working until all individuals are moved and the facility is closed. The funds for the incentive package are estimated to be \$480,000 in FY 2004.
11. In October 2002, third-party collections for the cost of care, including Medicare and Medicaid reimbursement were estimated to be \$11,703,550 in FY 2004 and \$11,879,029 in FY 2005. Current estimates are \$10,649,379 in FY 2004 and \$10,969,185 in FY 2005. These revenues are deposited to the general fund as revenue.
12. Reduced collections for deposit to the general fund are estimated to be \$1,054,171 in FY 2004 and \$909,844 in FY 2005.

Department of Corrections

13. Based upon DPHHS Eastmont closure proposal dated 2/12/03, heating, security and maintenance costs are estimated at \$40,000 for one half of fiscal year 04 and \$100,000 for fiscal year 05.
14. Funds would be transferred from DPHHS budget to the Department of Corrections budget.

FISCAL IMPACT:

Department of Public Health and Human Services (Pgm 10)

	FY 2004	FY 2005
	<u>Difference</u>	<u>Difference</u>
FTE	<u>(60.27)</u>	<u>(92.27)</u>
<u>Expenditures:</u>		
Personal Services	(\$830,222)	(\$3,054,742)
Operating Expenses	(290,840)	(400,325)
Leases	(4,517)	(4,517)
Benefits	<u>808,333</u>	<u>980,000</u>
TOTAL	(\$317,246)	(\$2,479,584)
<u>Funding of Expenditures:</u>		
General Fund (01)	(\$832,895)	(\$3,188,814)
State Special Revenue (02)	(584)	(584)
Federal Special Revenue (03)	<u>516,233</u>	<u>709,814</u>
TOTAL	(\$317,246)	(\$2,479,584)

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Revenues:

General Fund (01)	(\$1,054,171)	(\$909,844)
State Special Revenue (02)	(\$584)	(\$584)
Federal Special Revenue (03)	\$516,233	\$709,814
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	<u>(\$221,276)</u>	<u>\$2,278,970</u>

FISCAL IMPACT:

Department of Corrections (Pgm 02)

	FY 2004	FY 2005
<u>Expenditures:</u>		
Operating Expenses	<u>\$40,000</u>	<u>\$100,000</u>
<u>Funding of Expenditures:</u>		
General Fund (01)	<u>\$40,000</u>	<u>\$100,000</u>
<u>Revenues:</u>		
General Fund (01)	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	<u>(\$40,000)</u>	<u>(\$100,000)</u>

TECHNICAL NOTES:

1. The Executive budget for MDC is \$14,175,347 in FY 2004 (\$14,125,772 general fund and \$49,575 state special revenue funds), and in FY 2005 is \$14,244,573 (\$14,194,962 general fund and \$49,575 state special revenue funds).
2. The Executive budget for EHSC is \$4,176,345 in FY 2004 (\$4,175,761 general fund and \$584 state special revenue funds), and in FY 2005 is \$4,204,773 (\$4,204,189 general fund and \$584 state special revenue funds).
3. The proposed budget for MDC is \$14,638,242 in FY 2004 (\$14,588,667 general fund and \$49,575 state special revenue funds), and in FY 2005 is \$14,889,726 (\$14,840,151 general fund and \$49,575 state special revenue funds).
4. The proposed budget for EHSC is \$2,587,871 in FY 2004 and in FY 2005 is \$100,000, all general fund.